Chapter 2

The Dynamics of Migration and Development in Small States

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2.1 Background

International migration – an integral part of globalisation – has always been part of human existence. The recent upsurge in international migration has occurred in conjunction with the general increase in flows of trade, investment, finance, cultural products, information and technology. International migration has transnational implications when migrants pursue livelihoods in 'receiving' states and at the same time sustain links and activities in their countries of origin, thus affecting two states (Siskandarajah et al. 2008).

The Commonwealth's interest in international migration derives from the way international migration is linked to development and poverty reduction, and from the belief that the Commonwealth can be an effective force in the formulation of migration policy for its membership. For example, in 2010, Commonwealth countries accounted for 35 per cent of the $325 billion global remittances flows (World Bank 2011).

Recognising this, the Commonwealth Heads of Government, at their 2009 and 2011 summits in Trinidad and Tobago and in Australia respectively, committed to maximising the economic and social benefits of migration, to improve the resilience and prosperity of Commonwealth members, while addressing the challenges posed by migration. They urged the Secretariat to work with member countries and international partners to formulate appropriate policy mechanisms that would effectively address migration.

In May 2003, the Commonwealth pioneered work on ethical recruitment through the development of the Code of Practice for the International Recruitment of Health Workers. This was followed by the adoption of the Commonwealth Teacher Recruitment Protocol in September 2004. These documents, though not legally binding, were aimed at balancing the rights of migrants to migrate internationally, on a temporary or permanent basis, against the need to protect the integrity of national systems and to prevent the exploitation of the scarce human resources of poor countries.

In May 2007, the Secretariat organised a one-day Pre-Global Forum meeting before the July 2007 meeting in Belgium, to set the context particularly in the area of existing policies, as well as sharing of good practices. Studies have also been conducted on

how GATS Mode 4 can be operationalised between the Caribbean and Canada and between selected African countries and Europe. In addition, in collaboration with the World Bank, the Secretariat convened a series of regional workshops focusing on the remittances industry. On the legal and human rights dimension of migration, the Secretariat pursed work on human trafficking and irregular migration.

In continuing with this work, and as a follow-up to the Commonwealth Heads of Government Meeting (CHOGM) mandates, the Secretariat commissioned a literature review in 2010 to summarise anecdotal evidence of the development needs of Commonwealth member countries with regard to migration and development. The review was also aimed at examining the capabilities of the Commonwealth and identifying a potential niche which the Commonwealth could fill in the area of migration and development. The review came up with a number of recommendations for scoping out the Secretariat's future work in this area, including migration and development in small states. It was as a result of this review that the Secretariat began conducting informed analysis of the dynamics of migration and development in small states, to help these countries reorient policy planning and formulation to maximise the benefits from migration at a minimal cost.

2.2 What are small states?

Due to physical and demographical differences across small states, there are various criteria, thresholds and base years used to define these countries. The Commonwealth, like the World Bank, uses 2000 as the base year and defines small states as sovereign states with a population of 1.5 million or fewer. The criteria used in this definition would exclude other states that share many of the small states' characteristics and face similar challenges and opportunities. The Commonwealth therefore includes Botswana, Namibia, Lesotho, Swaziland, Papua New Guinea and Jamaica in the small states category.

Using the above standard, 46 countries are classified as small states – 31 of which are Commonwealth members that account for nearly a third of all developing countries. Their populations of 20 million represent a meagre 0.4 per cent of the total population of developing countries and range from micro-states with fewer than 500,000 people each, such as Niue, Tuvalu, Nauru, Palau, and St Kitts and Nevis, to larger states with populations of more than 1.5 million, including Botswana, Jamaica and Papua New Guinea.

2.3 Special characteristics of a developing small state

Developing small states possess distinctive characteristics that translate into a special set of challenges that distinguish them from the rest of the developing world. These range from geographical and environmental, through social and demographic, to economic characteristics, and have important implications on their overall growth and developmental strides.

2.3.1 Geographical

Small land mass

Small states tend to have smaller land masses, which lead to high per capita fixed costs, concentrated markets, lack of diversification and diseconomies of scale in both the private and public sector. Tuvalu, for example, has a land mass of barely 10 square miles. Vanuatu's total area is 4,739 square miles, of which only 1,800 square miles is land. The mountainous nature of Saint Lucia, on the other hand, places a further limitation on the land mass available for productive use.

Fragmentation

Most island states, especially those in the Pacific, consist of many islands dispersed over a large area, resulting in indivisible fixed costs, transportation costs and high governance costs that are higher than for more compact land masses. Vanuatu, for example, is an archipelago consisting of about 82 relatively small and geologically new islands of volcanic origin, of which 65 are populated. Similarly, The Bahamas comprises several hundred islands, 30 of which are inhabited. Seychelles has 115 islands, of which 41 are granite islands.

Peripherality, remoteness and isolation

Of the 45 developing small states with populations of 1.5 million or less, 34 (or three out of four) are islands and in some cases widely dispersed multi-island states; others are landlocked. Peripherality means that small states are far away from the commercial centres of the world. As a result, transport costs for their exports and imports tend to be higher, consequently reducing small states' competitiveness, export revenues and consumer welfare. The fact that small states require relatively small and fragmented cargoes because of their small size exacerbates further the issue of high transport costs. Long distances from the world's centres of trade and commerce also imply higher uncertainties of supply, due for example to time delays, and additional production costs due to the need to keep large stocks in order to be able to respond to sudden changes in demand when transport is infrequent and/or irregular.

2.3.2 Social

Small populations

Smaller populations lead to high per capita fixed costs, capacity constraints and diseconomies of scale. These problems are compounded further by the migration of both skilled and semi-skilled nationals to developed countries.

According to Bedford and Hugo (2011), recent estimates suggested that by 2010 there would be around 850,000 people of Pacific Island ancestry living in Australia (150,000), New Zealand (350,000), the USA (300,000) and Canada (50,000). This figure is far larger than the current estimate of the total population of Polynesia, where most of these migrants would have come from.

Limited institutional and human capacity

Limited and weak institutional and human capacity negatively affects the growth and development of any country. Given their small and dispersed populations, small states tend to lack an adequate and skilled labour force and the appropriate infrastructure to support growth.

This also leads to limitations in their ability to negotiate complex transactions. Foreign investors and developing country governments alike prefer to negotiate certain important aspects of complex and multifaceted transactions, such as mergers and acquisitions, foreign direct investment and extraction of natural resources. Such negotiations usually require specialist negotiation skills, a multidisciplinary team of specialists and, quite often, the engagement of external experts. They tend to be time-consuming and expensive and may absorb major staff resources, limiting the government's ability to deliver on other important services.

2.3.3 Economic

Limited size of domestic market

As a result of their small sizes and populations, small states tend to have limited capacity to exploit scale opportunities and attract investment both from within and from outside the country. This also gives them less favourable access to global capital. For a developing small state, given its limited domestic demand (sometimes compounded by foreign currency constraints, including currency convertibility and a thin liquidity market), the export market will usually determine the commercial viability of any meaningful investment.

Openness

Economic openness can be measured as the ratio of international trade to gross domestic product (GDP). A high degree of economic openness renders a country susceptible to external economic conditions over which it has no direct control. Economic openness is to a significant extent an inherent feature of an economy, conditioned mainly by (a) the size of the country's domestic market, affecting the exports-to-GDP ratio, and (b) the country's availability of resources and its ability to produce efficiently the range of goods and services required to satisfy its aggregate demand, affecting the imports-to-GDP ratio. As a result, small states must necessarily achieve a high degree of trade openness to allow producers to sell their goods and services in international markets and to be able to import the needed goods and services, especially those connected with energy and food. Countries with a relatively small domestic market have very few options but to resort to exports, and those with limited natural resources tend to be highly dependent on imports. Although participation in international trade is desirable, active participation tends to expose a country to exogenous shocks over which it has relatively little or no control. Investors would not have confidence in such a market characterised by sudden and unpredictable fluctuations emanating from international markets.

High and rising debt burden

One of the major challenges facing small states is unsustainable debt. This situation has been precipitated by a waning of concessional finance for small states since the early 1990s, and by successive environmental and economic shocks, including but not limited to hurricanes (Caribbean), oil and food price crisis (2007/08) and the 2007 global financial crisis.

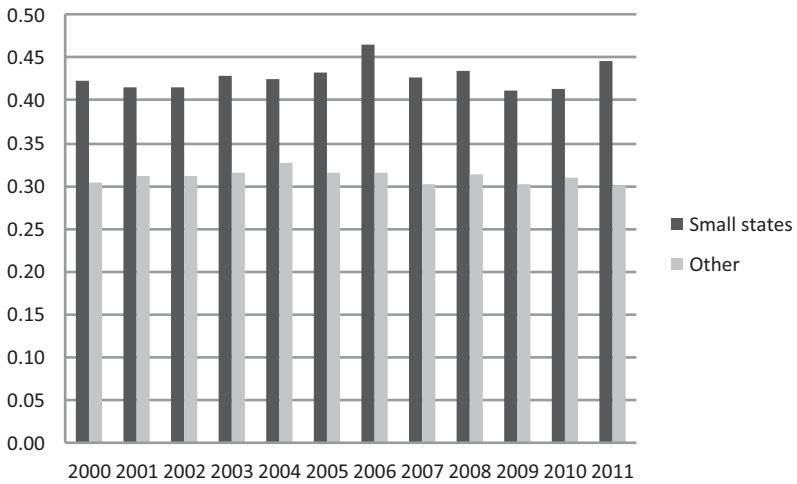
The majority of small states are middle-income countries, with a few high-income countries, such as Barbados and Seychelles. Because of their high GDP per capita, most small states have not benefited from heavily indebted poor countries (HIPC) relief, which is granted to low-income countries. Only one Commonwealth small state has been granted HIPC relief: Guyana. As a result, small states have been forced to source finance from commercial and multilateral sources at high costs (poor access to concessional finance) and their debt has ballooned to unsustainable levels. Low output growth in the light of reduced export demand and some fiscal laxity have also contributed.

Export concentration/lack of diversification

Dependence on a narrow range of exports gives rise to risks associated with lack of diversification and limited import substitution possibilities, and therefore exacerbates the vulnerability associated with economic openness.

Again, this condition is to a large extent the result of inherent features in the production base of an economy; small size restricts a country's ability to diversify its production base and exports. It is evident from Figure 2.1 that import and export concentration in many small states, which are largely developing countries, is higher than that of developed countries, which comprise the majority of the other countries.

Figure 2.1 Concentration index of Commonwealth countries 2000–11



Source: World Bank (2013)

Export and import concentration has another dimension in that most small states depend on a narrow range of countries with which they trade; for example, the commodity sector in the Pacific and the tourism sector in the Caribbean and the Indian Ocean. The lack of diversification (Figure 2.2) motivates governments to levy exorbitant tax rates on these few sectors to maximise revenue. Export concentration would also inhibit investors wishing to move into a country.

Narrow economic base

Such states tend to have a relatively narrow economic base, comprising just a handful of industries because they have limited resource endowments and entrepreneurial capacity. With the exception of Namibia, Swaziland, Botswana and Lesotho, which have vast land masses, most small states have very few natural resources on which to base their economies compared with their developmental counterparts (Table 2.1). Their fragmented geography also makes it more difficult and costly to extract these resources.

Close dependency on the global economy

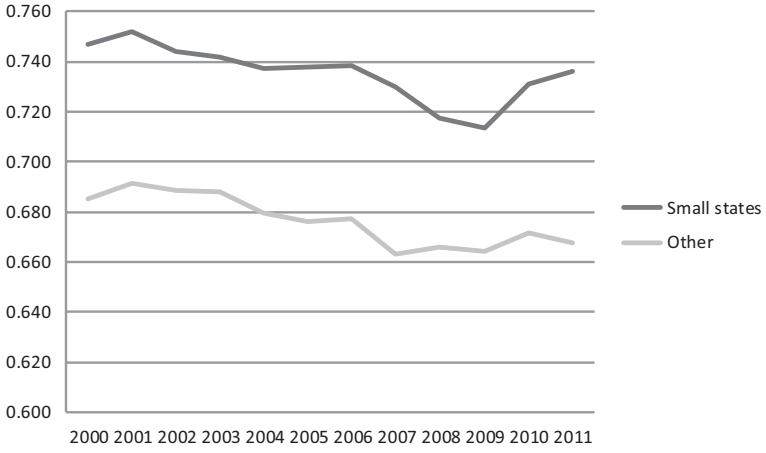
Given their small, open economies, developing small states are critically dependent on their integration with the rest of the world for economic development. Small states heavily rely on trade with the rest of the world as a result of their capacity constraints. This limits their control over external shocks.

Small states' economies are more open than any others, with international trade in goods reaching as high as 88 per cent of GDP in 2008 (Figure 2.3).

Dependency on strategic imports

Crucially, small states rely more on food and fuel imports than other groups of countries. Food was 20.6 per cent of goods imported to Pacific small island states in

Figure 2.2 Diversification index of Commonwealth countries 2000–11



Source: World Bank (2013)

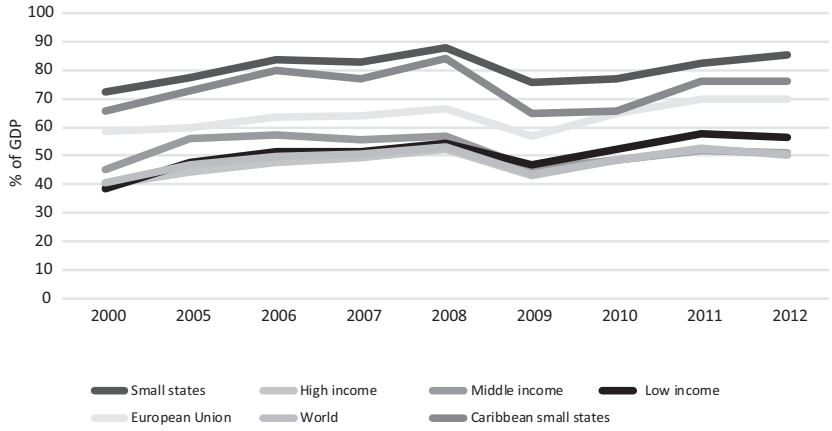
Table 2.1 Natural resource endowments in Commonwealth small states

Country	Natural resources
Antigua and Barbuda	Negligible; pleasant climate fosters tourism
The Bahamas	Salt, aragonite, timber, arable land
Barbados	Petroleum, fish, natural gas
Belize	Arable land potential, timber, fish, hydropower
Botswana	Diamonds, copper, nickel, salt, soda ash, potash, coal, iron ore, silver
Brunei Darussalam	Petroleum, natural gas, timber
Cyprus	Copper, pyrites, asbestos, gypsum, timber, salt, marble, clay earth pigment
Dominica	Timber, hydropower, arable land
Fiji	Timber, fish, gold, copper, offshore oil potential, hydropower
Grenada	Timber, tropical fruit, deepwater harbours
Guyana	Bauxite, gold, diamonds, hardwood timber, shrimp, fish
Jamaica	Bauxite, gypsum, limestone
Kiribati	Phosphate (production discontinued in 1979)
Lesotho	Water, agricultural and grazing land, diamonds, sand, clay, building stone
Maldives	Fish
Malta	Limestone, salt, arable land
Mauritius	Arable land, fish
Namibia	Diamonds, copper, uranium, gold, silver, lead, tin, lithium, cadmium, tungsten, zinc, salt, hydropower, fish; *note:* suspected deposits of oil, coal, and iron ore
Nauru	Phosphates, fish
Papua New Guinea	Gold, copper, silver, natural gas, timber, oil, fisheries
Samoa	Hardwood forests, fish, hydropower
Seychelles	Fish, copra, cinnamon trees
Solomon Islands	Fish, forests, gold, bauxite, phosphates, lead, zinc, nickel
St Kitts and Nevis	Arable land
Saint Lucia	Forests, sandy beaches, minerals (pumice), mineral springs, geothermal potential
St Vincent and the Grenadines	Hydropower, cropland
Swaziland	Asbestos, coal, clay, cassiterite, hydropower, forests, small gold and diamond deposits, quarry stone, talc
Tonga	Fish, fertile soil
Trinidad and Tobago	Petroleum, natural gas, asphalt
Tuvalu	Fish
Vanuatu	Manganese, hardwood forests, fish

Source: Nationmaster (2008)

2010, compared with 10.4 per cent for sub-Saharan Africa, 7.2 per cent for middle-income countries and 7.6 per cent for high-income countries (Table 2.2). This dependency poses a great risk for small states, in that any price and supply shocks in the international market will be directly transmitted to their economies.

Figure 2.3 International trade in goods (% of GDP)



Source: World Bank (2013)

2.3.4 Environmental

Susceptibility to natural disasters

Many small states are in regions with a high susceptibility to natural disasters and ecological threats such as tsunamis, cyclones, volcanic eruptions, earthquakes and floods. In recent years, many small states have experienced at least one of these

Table 2.2 Food and energy imports (% of goods imported)

Goods	Countries	2010	2009	2008	2007	2006	2005	2000
Food	European Union	8.8	9.6	8.2	7.8	7.5	7.9	7.7
	High income	7.6	8.2	6.9	6.7	6.5	6.8	7.0
	Middle income	7.2	7.5	6.8	6.3	5.7	6.0	7.0
	Low income	14.6	15.4	15.4	15.4	14.3	13.6	15.0
	Sub-Saharan Africa	10.4	12.1	10.5	11.4	11.1	10.2	12.2
	Small states	**16.9**	**17.6**	**15.0**	**15.3**	**14.6**	**15.4**	**15.4**
	Pacific island small states	20.6	23.4	19.1	18.0	16.4	16.7	15.2
	Caribbean small states	16.2	15.6	12.8	13.0	12.5	13.3	13.9
	Other small states	19.1	19.1	17.1	17.7	16.9	17.8	17.1
Fuel	European Union	13.9	12.5	14.6	11.4	12.6	11.8	8.9
	High income	15.8	14.9	17.9	14.1	14.8	13.7	9.9
	Middle income	15.5	14.7	17.4	15.1	15.0	14.1	12.3
	Low income	16.3	15.7	16.4	16.4	17.5	15.1	16.0
	Sub-Saharan Africa	16.4	15.2	17.7	16.0	16.4	15.2	14.1
	Small states	**22.1**	**19.5**	**24.5**	**21.0**	**20.7**	**20.2**	**14.5**
	Pacific island small states	27.4	23.3	31.5	29.8	28.8	26.4	8.0
	Caribbean small states	25.4	24.5	30.8	25.2	25.7	26.4	19.7
	Other small states	13.1	12.3	15.4	14.4	13.2	11.7	9.2
Food and fuel	**Small states**	**39.0**	**37.1**	**39.5**	**36.3**	**35.3**	**35.6**	**29.9**

Source: World Bank (2013)

disasters and, in some cases, rising sea levels have threatened their entire livelihoods. This development has exacerbated the risk and uncertainty that such small states have normally been associated with and has minimised their attractiveness to foreign direct investment at the same time. The above factors make it more unlikely that investors will favour small states for investment, and, if they do, the high risk associated with these countries is factored into any contractual agreements with the host government to the benefit of the investor.

Sea level rise

The impact of sea level rise will not be the same across all small island developing states (SIDS), as the oceans will rise at different rates and have differing impacts, but some common issues will be an intensified risk of coastal erosion and an increased likelihood of flooding in low-lying and coastal areas. This will have a great impact on these communities, given that some critical infrastructure such as ports and road networks, as well as many homes, is on or near the cost. Similarly, sea level rise can harm the livelihoods of those who fish in the ocean; the salinity and temperature changes may lead some fish to migrate, affecting the stocks available (Rubenstein 2011).

Coral bleaching

The coral reefs in small island states and other tropical countries are a source of livelihood, predominantly fishing (UNFCCC 2005) and tourism, as well as coastal protection and subsistence food. Thus, they are an important resource for these communities (IPCC 2014). Coral bleaching, whereby the increase in greenhouse gases has raised the temperature of the oceans higher than many coral reefs can withstand, is not always fatal (Hoegh-Guldberg 2011) but can lead to mortality, especially when combined with other factors such as ocean acidification. Mass coral bleaching has already been recorded in the Phoenix Islands of Kiribati in 2002/03, with nearly 100 per cent mortality in the lagoon (IPCC 2014). This phenomenon, coupled with sea level rise, will have serious consequences for many small states in terms of resilience and livelihood. Antigua and Barbuda, for example, through a 10 mm sea level rise per year, could see their mangrove forest disappear even faster than now, potentially by as early as 2030 instead of the current projection of 2075 (UNFCCC 2005).

2.4 Key issues on migration and development in small states

The debate on migration and development covers a wide range of topics and issues, all of which affect countries either directly or indirectly. How these priority issues are viewed by decision-makers influences the implementation of policies and the actions taken in both the recipient and source countries in the area of migration. The following issues were the focus of the policy studies commissioned by the Secretariat and the discussion that ensued at an experts meeting in July 2012 (see Appendix 2.1 for more details):

- brain drain and brain circulation;
- size (in terms of both population and land mass);

- impact of remittances;
- the role of the diaspora community;
- international recruitment;
- temporary/circular migration schemes;
- intra-country/regional migration (South–South) or free movement within regional trade agreements;
- environmentally induced migration;
- irregular migration, human trafficking and forced migration.

2.4.1 Brain drain and brain circulation

Brain drain

The notion of 'brain drain', associated with the migration of highly skilled individuals, is the most commonly cited negative consequence of migration on development. According to Clemens (2009), the pejorative phrase 'brain drain' was first used by journalists in the 1960s about emigrating British scientists. Until recently, it has been used to refer to the migration of a country's 'best and brightest', but particularly migration from poorer to richer countries, whether or not that migration is actually measurably a 'drain' on that country's development.

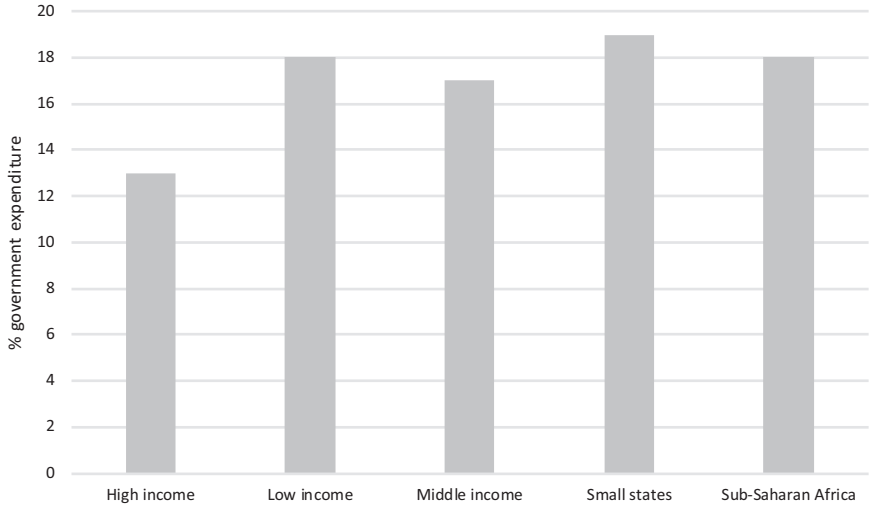
As migration trends show, skilled individuals are likelier to migrate, thus leading to a brain drain or negative impact on the domestic capacity of the sending countries, and overall contributing to lower productivity and reduced economic growth. The source country also loses in terms of the public expenditure on the education and social welfare of the emigrants.

Small states commit a significant proportion of government expenditure to public education compared with other country groups (Figure 2.4). Brain drain, therefore, presents a significant loss to small states' governments, which already have capacity constraints in the public sector. As this trend continues, individuals tend to train for particular skills for which there is a high demand in receiving countries, with the aim of migrating at the expense of crucial sectors in sending countries.

In small states, and in many developing countries, citizens with tertiary education constitute a much smaller percentage of the workforce than in, for example, the EU, making their skills and services much more difficult to replace once they leave. It has been estimated that at least one third of researchers and engineers from developing countries nowadays work in Organisation for Economic Co-operation and Development (OECD) countries. With higher average productivity, the majority of scientific and technical results attributable to citizens of developing countries are achieved and made use of in the global North.

From Figure 2.5, it is clear that a large proportion of emigrants from small states have tertiary education, compared with their counterparts from other developing countries. These countries experience much higher levels of migration (43 per cent) than the overall migration rate (15 per cent) (Beine et al. 2008).

Figure 2.4 Total public expenditure on education (% of government expenditure), 2008



Source: World Bank Data Bank (2013)

Some sectors are more sensitive to brain drain than others. Health and education sectors are often the worst hit, but losses are also significant in areas such as engineering and applied sciences. The flow of health workers, partly as a result of active recruitment by developed countries, is a symptom of deeper-seated problems in these developed countries, which have failed to plan and retain sufficient nurses from their own sources. Jamaica, for example, lost nearly 1,000 teachers to the UK between 2001 and 2003.

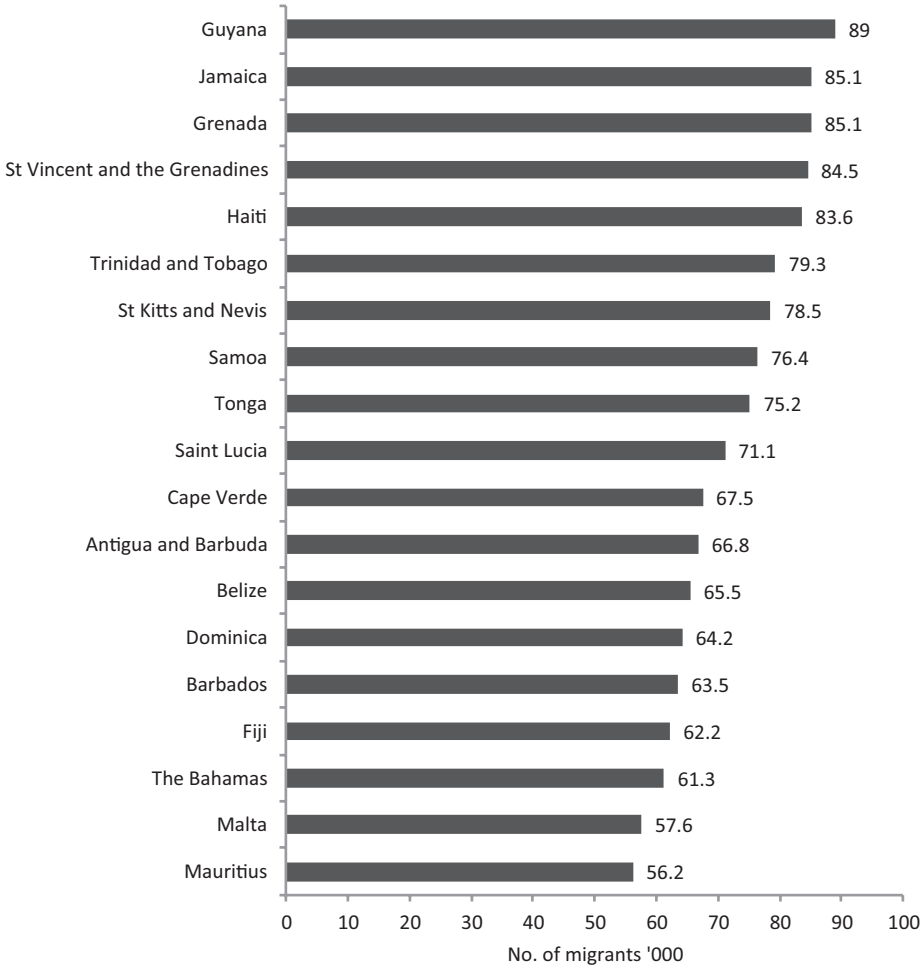
For small states, brain drain compounds the existing capacity problems that these countries encounter in providing social services. Brain drain means the loss of years of expensive educational investment, much of it state-funded, to developed countries.

Brain circulation

Increased mobility in the form of temporary and return migration makes it more accurate to speak of 'brain circulation' and 'professional transience' rather than 'brain drain'. More recently, the term 'brain drain' has fallen out of favour and been replaced by more positive terms such as 'brain circulation', as a number of migration scholars (e.g. Calí 2008; Clemens 2009; Skeldon 2005) have questioned the validity of the term; they ask whether the migration of highly skilled individuals really constitutes a 'drain' on their country of origin, or that migration is actually helpful for development through, for example, increased remittances or greater circulation of ideas and investment. These optimists have mainly looked at:

- the potential of remittances from highly skilled migrants;
- opportunities for international trade and investment enlarged by migrants' international connections;

Figure 2.5 Emigration rate of the tertiary educated (number of migrants, thousands), 2000



Source: World Bank (2011)

- the prospects of migrants contributing to the development of their home countries through transfer of skills;
- greater uptake of education encouraged by the prospect of migration abroad;
- a lack of evidence that highly skilled migration is a cause (rather than a symptom) of economic underdevelopment.

For small states, however, the challenge of utilising the contributions from the diaspora is huge because of their structural and inherent vulnerabilities. Their small markets and lack of diversification mean that there is little incentive for the diaspora communities to return and/or invest in their countries of origin.

Most international organisations encourage active utilisation of talent from the diaspora for technical assistance programmes, which is likely to be more cost-effective

and of higher quality (for the jobs concerned) than sending technically qualified expatriates.

2.4.2 Population (size)

Small states tend to be worse affected by migration than other developing countries because they lose a greater percentage of their population than other developing countries. For example, India's 1.4 million emigrants in 2000 were approximately 0.13 per cent of India's population. On the other hand, Tonga's 10,000 emigrants in 2000 amounted to 10 per cent of the population. This contributed to an evident net decline in the country's population from 100,000 in 2000 to 99,000 in 2005. Tonga lost a further 8.1 per cent of its population, or 8,000 people, in 2005. The 2000 and 2005 net migration figures show that, on the whole, small states have been net source countries for migrants, with countries such as Guyana, Fiji, Grenada, Samoa, Tonga, and St Vincent and the Grenadines losing over 10 per cent of their populations to migration.

There is a clear negative relationship between population size and emigration, with small states being the worst-affected group of countries. The absolute net migration figures for small states are substantially lower than those for other country groups, because of their population numbers. When depicted as a percentage of total population, the picture is completely different. In 2012, for instance, the net migration figures as a percentage of population were –3.1 per cent for Pacific island small states, –1.8 per cent for Caribbean small states and –1.1 per cent for all small states, compared with only –0.4 per cent in low-income, –0.3 per cent in middle-income and 1.6 per cent in high-income countries. It is therefore clear that small states are losing more people than any other country group, making it increasingly difficult to overcome the challenges of size mentioned earlier on in this chapter.

2.4.3 Impact of remittances

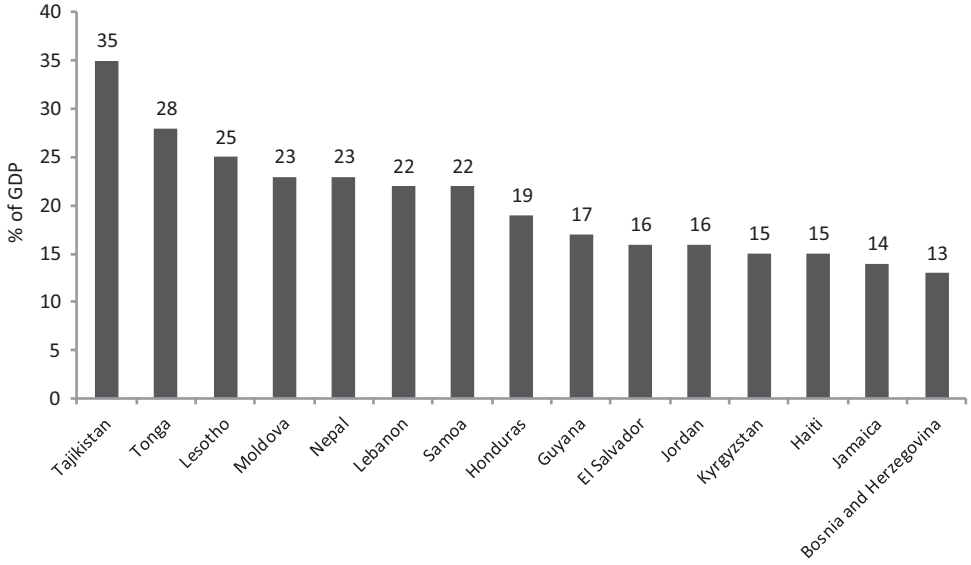
Remittances form a significant flow of money into several developing countries, often exceeding official aid. As per Figure 2.6, this is especially true of small island states. In 2009, there were four small states, namely: Tonga, Lesotho, Samoa and Guyana, in the

Table 2.3 Net migration figures

Countries	Population	Net migration	%
Small states	29,141,492	–314,967	–1.1
Pacific island small states	2,252,782	–70,548	–3.1
Caribbean small states	6,968,753	–122,794	–1.8
Other small states	19,919,957	–121,625	–0.6
Low income	846,454,901	–3,646,548	–0.4
Middle income	4,897,806,389	–13,344,656	–0.3
High income	1,302,107,523	16,941,482	1.3
Sub-Saharan Africa	911,126,155	–1,524,836	–0.2

Source: World Bank (2013) and author's calculations

Figure 2.6 Top remittance-receiving countries (% of GDP), 2009



Source: World Bank (2011)

top ten of top remittance-receiving countries as a percentage of GDP. For example, in 2008, remittances per head of population in the Caribbean countries were $826 in Jamaica, $760 in St Kitts and Nevis, $659 in Barbados, $603 in Grenada, $412 in Dominica, $365 in Guyana and $305 in Antigua and Barbuda. These figures are far higher than those of other developing countries in general. During 2000–09, small states received remittances equivalent to 7.2 per cent of their GDP, compared with just under 2 per cent for developing countries over the same period (Feeney et al. 2013).

There is also a tendency of remittances to be countercyclical; that is to say, senders increase flows of remittances during bad times in their home countries and thereby provide some sort of economic stability when the economy is going through a fiscal crisis or slower growth. This is so because, during such a period, the exchange rate for the domestic currency is usually much higher in countries from which migrants are sending the money, so migrants expect higher returns from their money.

By their countercyclical nature, remittances reduce the threat of macroeconomic volatility, which can harm business confidence and reduce growth. It would therefore seem that remittances play a greater role in the growth of small states than in other developing countries.

There are a number of policy challenges related to remittances. Remittances give developed countries added policy leverage over developing countries, since policies in the former can affect the volume of flows to the latter. In countries such as Bangladesh, high remittances flows have created a liquidity overhang in the domestic financial markets and speculative outlays in real estate and other asset markets, creating bubble-like asset price pressures. It has also created appreciation pressures on the exchange

rate. In sub-Saharan Africa, remittances are associated with high transaction costs, stemming partly from lack of competition, regulatory barriers, lack of awareness of what remittance channels are available and their relative cheapness, and lack of access to banks. There is also the need to use remittances for more productive purposes, although one should not overlook the fact that remittance consumption sometimes dismissed as 'unproductive' can go towards financing schooling for children.

However, the underlying challenges that small states face have proven to be too much for these countries to register meaningful gains from remittances. Their large informal sectors, small markets, high transaction costs, narrow economic bases, environmental vulnerability and non-existent migration policies mean that small states find it difficult to reap the full benefits from remittances. Further analysis is therefore required to learn and understand the channels and mechanisms through which remittances may be channelled to achieve meaningful levels of growth and development in small states.

In addition, countries need to strengthen the capacity of the domestic financial markets and ease capital account restrictions on residents investing funds abroad. To reduce the transaction cost for remittances, there needs to be increased transparency and competition, consumer protection and the support of a sound, predictable regulatory framework. Investment opportunities should also be developed in receiving countries to maximise the benefits from remittances. This may include aiding micro-finance initiatives, especially in rural areas, and encouraging investment in small and medium-sized enterprises.

2.4.4 The role of diaspora communities

Many diaspora networks have been established to promote continued links among migrants and with their communities or countries of origin. Technology investments and venture capital from the diasporas can contribute to increased trade flows between sending and receiving countries. Developing countries are adopting innovative approaches such as 'virtual return', which helps members of the diaspora contribute to the development of their countries through acquired skills and knowledge, and local infrastructure investment ventures.

Return migration

This notion is closely related to diaspora engagement and refers to the movements of emigrants back to their home country to resettle (Gmelch 1980). The rapid spread of globalisation, coupled with transformations in transport and information and communication technology, has drastically changed the landscape of human mobility into a far more complex and multidirectional phenomenon. Migrants are now making multistop journeys, unlike the traditional one-time journeys, and there is a significant increase in inter-regional/cross-border and circular migration, which should not be confused with return migration. Instead, return migration should be associated with a degree of permanency for returning residents.

Return migration can help reverse some of the adverse effects associated with the emigration of skilled and highly skilled workers such as doctors and nurses.

In addition, some workers may acquire knowledge and skills abroad which may be transferred and used productively upon their return to their home countries. Returning migrants could also use their savings to set up businesses and thereby generate wider developmental benefits for their communities in their home countries.

In small states, as in most of the developing countries, there are 'push' and 'pull' factors that facilitate the process of return migration. The main pull factors for return migration are a higher marginal utility in the country of origin; a higher purchasing power in the country of origin; and the accumulation of skills and human capital, which in turn would give a higher return in the country of origin (Oomen 2013). The main push factors are forced movement from receiving countries; unfavourable migration policies in receiving countries; and worldwide uncertainties such as the recent global financial crisis.

In recent years, various contributions to the literature have asserted a positive relationship between return migration and development, as the human and financial capital acquired is typically considered a crucial catalyst for growth. Many countries are actively formulating policies and creative conducive environments that would go beyond a 'virtual' contribution of the diaspora community to 'pull' them to return home. The internet is fast becoming the most effective medium of communication for the diaspora and for the construction of social networks within diaspora groups. There are numerous expatriate websites and databases for Africans abroad that promote social networking and provide information on sending remittances or investing back home. Embassies too are increasingly registering skilled professionals in the diaspora. The Planning Institute of Jamaica does this to help identify expatriate professionals to fill knowledge or skills gaps in Jamaica.

However, the underlying inherent vulnerabilities of small states deter their diaspora communities from returning home or contributing virtually. The diaspora 'capital' has a different scale, technology base, institutional and human capacity, and governance requirements that are not always available in small states. In other words, small states are not well endowed and structurally prepared to absorb both the virtual and direct contributions from their diaspora communities. Given their small size and institutional incapability, small states do not always have the enabling environment and mechanisms to embrace their diasporas, whose members are likely to have been exposed to higher standards of human capital and service delivery during their time abroad. The diaspora will invest in the home country only if there is a vibrant and buoyant economy and secure financial instruments in which the members can invest. Trust in the governing system and the existence of a conducive environment for investors are essential prerequisites for investment from nationals living abroad. Once these are in place, the diaspora can further contribute to the home country in various ways. In small states, however, these are not always available.

2.4.5 International recruitment

Since the 1950s, skilled workers have been recruited from developing countries to work in priority areas in developed countries. As a cost-saving measure, and without addressing the root causes of labour shortages in critical areas, developed countries tend to engage in the international recruitment of specific skilled groups.

At the moment, there is uncertainty in policy discussions between the rights of developing states, including small states, to retain their skilled workers, and the rights of the skilled individuals themselves to move. To a great extent, evidence suggests that skilled persons train with a view to migrating, and that emigration by individuals in professional sectors can give more people an incentive to invest in training in those sectors, even if this does not equal a net 'brain gain' (Buchan et al. 2009).

For small states, recruitment from select sectors creates 'shocks' to the capacity of those sectors which are directly and indirectly affected, and erodes the efforts made to develop those sectors, often at a higher cost than other developing countries. This also contributes significantly to the erosion of confidence, leading to further migration, preventing return and reducing trust in the system as a safe place for financial investment (Thomas-Hope 2011).

In these countries, recruitment of skilled workers tends to have a devastating impact on the effective delivery of crucial services to the public. Commensurate with their human and institutional capacity constraints, challenges that these countries encounter are worsened by any form of international recruitment, whether induced or voluntary. Several studies have also revealed that a higher percentage of migrants from small states than from other developing countries have tertiary education (World Bank 2011). International recruitment exacerbates the enormous public cost of training professionals in small states because these countries have fixed costs.

There have therefore been calls to develop, adopt and enforce ethical standards for international recruitment. The effectiveness of controls on the recruitment of health professionals (the so-called 'ethical recruitment' policy) as advocated by the United Kingdom has been limited. There have been continuing inflows of nurses from some of the poorest countries in sub-Saharan Africa (Malawi and Swaziland), from which the UK's code of practice prohibits direct recruitment. Although some recruitment codes originate in recruiting countries, there is no designated body that regulates or monitors recruitment in the source country.

In addition, source countries may wish to regulate private recruitment agencies operating in their countries to ensure that their citizens are not duped, hold pre-departure seminars to brief migrating workers, protect migrant workers abroad through schemes and develop a recording mechanism to identify emigrants.

2.4.6 Temporary/circular migration schemes

Seasonal migrants are another feature of international migration. The International Organization for Migration's World Migration Report (IOM 2008) defines circular migration as 'the fluid movement of people between countries, including temporary or long-term movement which may be beneficial to all involved, if occurring voluntarily and linked to the labour needs of countries of origin and destination'.

One example is that of Mexican and Jamaican agricultural workers being able to work on a temporary basis in Canada through a formal circular migration programme

(Box 2.1). Seafarers from Pacific countries such as Tuvalu and Kiribati crew vessels for international shipping companies from North America and Europe. Large numbers of Fijian men are recruited by private companies to work as soldiers, security guards, truck drivers and labourers to work in or near the conflict zone of Iraq. Fijians also serve in the British army.

According to Agunias and Newland (2007), temporary migration programmes have been described as 'triple-wins' in that, firstly, they allow destination countries to fill labour needs quickly; secondly, countries of origin gain from remittances without losing their productive population forever; thirdly, migrants benefit from the opening up of legal, state-supported migration routes.

Within the Pacific region, Australia has traditionally not supported programmes to bring low-skilled seasonal workers to Australia. The negative response of the Australian government could be due to the popular dislike for 'cheap foreign labour' from Asia or the Pacific and the entrenched belief within the governments of Australia and New Zealand that there is value from the migration of only highly skilled or capital-rich migrants. There is also a strong view that temporary low-skilled migration causes a lot of costs for the receiving country, so there is more support for permanent than short-term migration. Another argument is the fear that temporary workers will overstay their visas and 'disappear' into the community (adding to the stock of undocumented migrants). However, a 2006 World Bank study notes that a temporary scheme in the Pacific region (Box 2.2) has the potential to significantly ease the seasonal labour shortages that hold back the horticultural industries in Australia and New Zealand and to add symbolic value as a gesture of goodwill by the region's two major powers towards their Pacific neighbours.

Box 2.1 Seasonal Agricultural Workers Program

The Canadian Seasonal Agricultural Workers Program (SAWP) is a temporary migration programme which involves multilateral co-operation between governments of source countries (mainly Caribbean small states)[1] and the Canadian government. SAWP's success is due to its responding to legitimate labour shortages in the economy as well as its formal structure, which ensures that all the key players are engaged and that the workers' rights are clearly understood, outlined and enforced through agreements, memoranda of understanding, and operational guidelines. As they do not need to pay recruitment or smugglers' fees, even the poorest of Caribbean workers can gain employment through this programme. It has allowed many workers to support their families through the compulsory home savings and to develop their knowledge and understanding of farming techniques.

Source: Ministry of Labour, Government of Barbados, n.d.

Box 2.2 Recognised Seasonal Employer Policy

The Recognised Seasonal Employer (RSE) Work Policy is a temporary labour scheme that was established in 2007 to cater for shortages of labour in New Zealand's agricultural sector. This policy facilitates the temporary entry of additional workers from overseas (especially from the Pacific small states) to plant, maintain, harvest and pack crops in the horticulture and viticulture industries to meet these labour shortages in order to remain competitive with the rest of the world.

An evaluation of the scheme during the first few years indicates that, overall, there were success stories in most aspects of the scheme. This success was mainly attributed to the relationship-based approach that has underpinned the development and implementation of the RSE.

Immigration risks were successfully managed, with fewer than 1 per cent of the RSE workers who were in New Zealand between April 2007 and January 2009 overstaying. Displacement of New Zealand workers was reported by just one employer, due to overestimation of the number of overseas workers required.

There are some implementation issues that still need to be worked through. They include recruitment lead-in time, accommodation and dispute resolution for workers. Some of these issues have had a negative impact on worker and employer experiences.

Although the RSE policy is described as a 'win–win–win' arrangement for the horticulture and viticulture industries, Pacific workers and Pacific states, the findings indicate that, during the first year of the policy, the industry 'win' dominated. Whereas Pacific states have benefited from remittance incomes, the enthusiasm of their communities and a number of satisfied workers, they have also had to manage the problems of unfulfilled expectations among workers and communities, and pressures from oversubscribed work-ready pools.

It is recognised that the employer is the primary driver of RSE, but the workers' goals and interests must also be considered if the employer is to gain ongoing access to trained workers. This balancing will require continual oversight and management by New Zealand government officials and industry leaders in the immediate to longer term. It also requires key participants to come to a shared set of understandings of the different positions and be willing to compromise.

Source: Ministry of Business, Innovation & Employment, New Zealand, n.d.

For small states, however, it must be noted that the inherent structural vulnerabilities pose a significant threat to the success of these schemes. As the purpose for these schemes is mainly re-investment, failure to address the underlying challenges – in institutional capacity, governance issues, scale opportunities and conducive business and investment environments – may result in workers' remittances and savings being

diverted elsewhere at the expense of sending countries, some of which spend their limited resources on administering these schemes.

2.4.7 Free movement within regional trade agreements

The European Economic Area allows citizens of signatory countries to enter any EU member states, with no restrictions on the freedom to provide services. It enables workers to stay or move freely within the EU (except for those in public services). The Caribbean Single Market and Economy (CSME) allows labour to 'move freely' within the Caribbean Community (CARICOM) region. This free movement of labour is currently limited to university graduates, media workers, cultural workers and workers associated with the rights of establishment of businesses in other CARICOM countries. In response to the problem of high unemployment in the Pacific region, Pacific island countries have made gaining greater access to the labour markets of Australia and New Zealand an explicit policy goal and a key element in regional trade negotiations. Historically the Southern African Customs Union (SACU) countries were dominated by migrant labour to the South African mines. That situation has, however, changed quite drastically as a result of restructuring in South Africa. These changes have to do with increased mechanisation, and relatively high mine wages that now attract South African citizens.

Migration is incorporated in Article 13 of the political dimensions chapter of the Cotonou Agreement and is essentially a new area of co-operation between the EU and the African, Caribbean, and Pacific Group of States (ACP). According to Article 13, migration issues are to be 'the subject of in-depth dialogue in the framework of the ACP–EU partnership'. The focus of the article is clearly connected to EU priorities on immigration and asylum, one of the most dominant and politicised issues in the domestic affairs of EU member states. The inclusion of migration in the Cotonou Agreement was the result of pressure from some EU member states which sought to improve the effectiveness of their immigration policies through the use of external relations instruments. Article 13 of the Cotonou Agreement provides a basis for multilateral co-operation between the EU and ACP on migration and allows individual EU member states to negotiate bilateral agreements with ACP states. A key question is the compatibility of migration policies implemented through the Cotonou Agreement with the overall aims of the agreement. The degree of compatibility between migration policies and development objectives would depend on how migration issues are addressed and on what policy links are made between migration and development. It is unlikely that policies limited to preventing illegal migration from the ACP to the EU would benefit development. The possibility that co-operation on migration could become an added condition for EU aid is still present, but the legal basis for this is contentious because the Cotonou Agreement makes no mention of penalties for not co-operating.

2.4.8 Environmentally induced migration

Another form of population movement which has recently gained international prominence is environmentally induced migration. The world is presently facing a

myriad of environmental challenges, including severe drought, shoreline erosion, hurricanes and coastal flooding, that are leading to greater human mobility or 'environmental refugees'.

For small states, this issue is particularly challenging because of their structural characteristics, including geographical location and size. Migration from rural areas to cities could be one way for households to spread environmental risk, though many cities are themselves vulnerable to rising sea levels.

There is one area where climate change may be particularly significant in migration, and that is the impact of sea level rise. Five front-line states may be facing an existential challenge from climate change because of sea level rise: Kiribati, Maldives, Marshall Islands, Tokelau and Tuvalu.

A key research question is how we address the rights of those who may lose their statehood and are forced to migrate as a result of rising sea levels. Are these people in the same situation as other refugees? One difficulty is that the concept of 'environmental refugee' has no standing in international law. This is, in part, because international conventions did not foresee voluntary or forced migration induced by environmental conditions. Should this be addressed therefore through amendments to the 1951 UN Convention on Refugees, or under the United Nations Framework Convention on Climate Change? Another important challenge is estimating the potential number of environmentally induced migrants. Current estimates suggest that there will be 200 million or more migrant people by 2050. However, many of these estimates are not based on a comprehensive understanding of migration dynamics, and are derived from estimates of the numbers likely to be seriously affected by environmental events and adverse long-term changes (Kraler et al. 2011).

The loss of statehood is one extreme, but how do we also recognise the predicament of other environmental migrants or refugees when it is so difficult to identify them? At what point does a state cease to exist? What happens to residual resources? What level of compensation would (could) be appropriate for the loss of sovereignty and culture? Who would pay this compensation? Could liability ever be established? Is there another route that could be employed to ensure that front-line states and their citizens get the support they need? Indeed, what support do they need? What is the best policy strategy for front-line countries to pursue?

In a recent interview given to Television for the Environment (2009), the President of Kiribati explained that, faced with sea level rise, his government was running a parallel strategy of planned migration out of Kiribati, together with strong economic policies to maintain viable institutions that could support that strategy. Kiribati had negotiated the placement of a given number of skilled workers in recipient countries, and orientated national training institutions to deliver the requisite skills to young people. It was hoped that Kiribati could attract sufficient remittances to support its viability in the longer term, and funding to implement hard engineering solutions that could ensure that at least some islands – and therefore the Kiribati identity – could be saved.

2.4.9 Irregular migration, human trafficking and forced migration

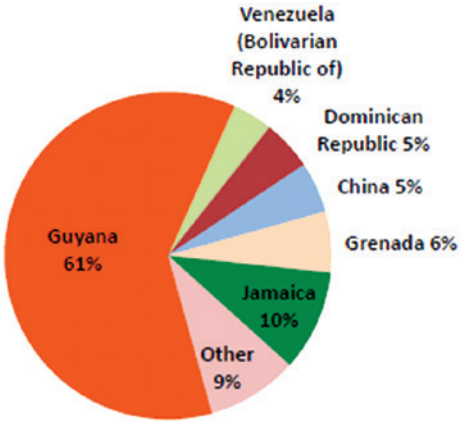
Forced migration is the involuntary movement of people due to such factors as violent conflict, environmental degradation and trafficking. Serious population displacements have occurred in the South Pacific as a result of conflicts in Papua New Guinea and Solomon Islands. Internal displacements also occur mainly because of violence within state borders. At the end of 2004 an estimated 6 million people were internally displaced in Sudan. There is a need, therefore, to strengthen conflict prevention, resolution and rehabilitation policies and increase aid to internally displaced people. Similarly, in Cyprus there are roughly 212,400 internally displaced people unable to return home, as no peace agreement has been agreed and peace negotiations have stalled. This figure represents those who have been accorded refugee status because they are resident in the section of the island controlled by the Cypriot government (Albuja et al. 2014).

Trafficking in human beings involves serious exploitation and human rights abuses. It is thought to be on the increase and is increasingly global. The main legislation in force to combat trafficking is the UN Convention against Transnational Organised Crime and its Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children. The protocol provides the following definition: '"Trafficking in persons" shall mean the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation. Exploitation shall include, at a minimum, the exploitation of the prostitution of others or other forms of sexual exploitation, forced labour or services, slavery or practices similar to slavery, servitude or the removal of organs'. Human trafficking is an issue in some small states. These countries are often source, transit and destination countries, and victims tend to be deceived with false promises of employment, with a minority coerced into becoming sex workers (US Department of State 2013; Waldropt-Bonair et al. 2013).

Illegal economic migrants also try by any means to move to developed countries and other developing countries. This is especially a problem for smaller states, such as Malta and Barbados, that do not have the resources to combat this problem. This issue is particularly prevalent in Trinidad and Tobago, with high salaries and readily available jobs enticing many migrant workers to the country (Waldropt-Bonair et al. 2013). Figure 2.7 highlights that the majority of the irregular migrants come from small states; between January 2010 and June 2012 they accounted for 77 per cent of overstayers. The irregular migrants tend to be aged between twenty and thirty, and engaged in the informal economy, working predominantly as security guards, construction workers and filling station attendants (Waldropt-Bonair et al. 2013).

Small states, lacking both institutional and human capacity, struggle to deal with these complex issues. One solution is international agreements to deal with this cross-border phenomenon.

Figure 2.7 Overstayers by nationality, January 2010–June 2012



2.5 Conclusions

This volume covers a wide range of topics on the dynamics of migration and development and how they affect small states. It provides a number of case studies and findings that are relevant for policy-makers in small states themselves and for international decision-making processes. The main findings are noted below.

Small states are unique

Various studies have been conducted on the impact of migration in almost all countries categorised as small states. However, these studies have looked at such countries broadly as 'developing countries' and not as small states. This volume goes further in distinguishing these countries, to highlight their unique structural and vulnerable characteristics that set them apart from the rest of the developing world. It emphasises that these characteristics alter how migration affects developing countries. The emerging consensus among migration stakeholders is that migration is inevitable; it is time the world shifted its focus from the negative aspects of migration to how countries could maximise the long-term benefits of it. Our contributors share the same stance and focus more on the way forwards in terms of accruing maximum benefits associated with migration at a minimal cost. This volume explains that, given their inherent vulnerabilities, small states have limited options available to them to mitigate the negative consequences arising from migration or to reap the benefits thereof. Migration poses a double whammy in that it hugely devastates the already fragmented, vulnerable social and economic landscape (which happens to most developing countries, albeit at a larger scale in terms of per capita cost) and the underlying vulnerabilities make it almost impossible for these countries to be an attractive proposition for the diaspora, either directly or indirectly.

Supporting these countries, therefore, to withstand their inherent vulnerabilities and build or strengthen their resilience remains a top priority if small states are to

stand any chance of meaningfully devising policies that would harness migration in realistic terms.

Data remain a critical constraint

Because of their capacity constraints, both human and institutional, small states face data challenges. These have been well documented in various studies but amenable solutions remain a fleeting illusion. The challenges include information technology issues such as the absence of a central information-sharing platform, leading to delays in acquiring information. Similarly, an over-reliance on external funds for national statistical organisations can mean that reform of the organisations is externally driven (Straughn 2014). Unsurprisingly, given these issues, there is a dearth of data on migration in these countries, resulting in difficulties in establishing a clear picture of the dynamics of migration. Without accurate, reliable and up-to-date data, progressive policies to tackle this issue would at best be based on estimates.

The Zero Draft Outcome Document of the 2014 Third International Conference on Small Islands Developing States (United Nations 2014) reiterates that a data revolution is needed in these countries and proposes strengthening of data systems, the establishment of national and regional information and communication technology platforms, and the establishment of a SIDS Sustainable Development Statistics and Information Programme with an emphasis on upgrading national statistical systems and mainstreaming sustainable data collection and analysis.

Note

1 Countries and year they joined SAWP: Jamaica (1966), Mexico (1974), Trinidad and Tobago (1967), Barbados (1967), the Organization of Eastern Caribbean States (Antigua and Barbuda, Dominica, Grenada, Montserrat, St Kitts and Nevis, Saint Lucia, and St Vincent and the Grenadines) (1976) and Guatemala (2003).

Appendix 2.1 Outcomes of the Experts Meeting on Migration and Development in Small States, Jamaica 2012

In considering policy options for maximising the benefits of migration for small states, experts highlighted the following actions:

Build the strategic framework for migration and development

Development policy comes first.

- Migration patterns are influenced by the economic and social opportunities of people living in small states, as well as political and environmental factors.
- International economic trends and national demographic changes need to be well understood.
- Migration policies need to be linked into broader national development needs and objectives (mainstreaming).

- Clear objectives for migration policy need to be set within the context of wider development objectives. For example, the focus might be poverty reduction, youth employment or economic development. Consider visioning exercises and the setting of measurable targets and objectives within specific sectors or to address specific challenges or problems.

Take account of national policy considerations.

- There may be a need to develop specific policies for particular groups of (potential) migrants, e.g. health professionals. This includes strategies on training, scholarships and renewal of talent internally or through migration to small states.
- The policy focuses for skilled and unskilled/semi-skilled migrants will differ.
- Consider incentives and bilateral agreements for workers to enable their return.
- Value major groups of migrating workers to ensure their retention.
- Vulnerable groups such as youth need particular attention through vocational training, support for entrepreneurship and seed financing.

Create an effective data and information system to support policy-making

- There are significant data gaps and concerns. Much of the information that is available has been collected by host countries, with a bias towards formal migration, different definitions of terms, and numerous data gaps and lags.
- Get to know your migrants and diaspora in detail. Disaggregate information by sex and age; distinguish between individual migrants and diaspora groups; and distinguish between temporary and longer-term migrants.
- Focus on areas of particular interest and concern (linked to strategic policy objectives) to produce policy-relevant cost-effective data support.
- Many small states are also host countries and it is important to understand both immigrant and emigrant flows to support decision-making in given sectors.
- Country profiling can help to clarify migration statistics and trends.
- Consider the further development of regional data systems.

Enact measures to address welfare and rights

- Consider codes of practice and their instrumental value.
- Develop legislative frameworks for recruitment of workers and for treatment of migrant workers.
- Provide training and information to potential migrants to strengthen their understanding of rights; protect them against fraudulent schemes; and provide them with options when things go wrong.
- Debrief temporary migrants about their experiences.

Create an enabling environment to maximise benefits of migration

Trade, industry and entrepreneurship are part of the picture.

- Ease of doing business is important. Take specific actions to improve the business environment.
- Trade facilitation, advice and seed financing can help to build links between international trade markets and local businesses and production.
- Link education policy to innovation strategy.
- Examine skill requirements and availability (nationally and internationally).
- Address wider labour policy concerns (retention).
- Survey remitters in some detail to examine potential diaspora interactions through trade and services.
- Prepare specific action plans to channel diaspora engagement into the economy through activities such as tourism, small business development, trade and philanthropy.

Engage with migrant experiences.

- Can temporary migration schemes be further improved and extended to other areas? A comparative study of them could be useful.
- Much of small states' migration is South–South and regional. Are regional worker mobility schemes working effectively?
- Consider nationality provisions for subsequent generations (related to continued engagement with the diaspora); and social security, pensions and other provisions for (temporary) migrants (enabling them to return home more easily).
- Consider treatment of migrants by host communities within small states to support regional and other labour mobility and attract the best.
- Consider developing schemes to encourage the return migration (temporary or permanent) of those with valued skills and knowledge and to integrate returnees effectively.

The financial and in-kind aspects of remittances need greater attention.

- Consider how remittances can best be put to productive use in small states' economies. This may require surveys at the household level to understand how remittances are used; and engagement with migrants and diaspora communities to understand their motivations with respect to remittances and other support provided. What can countries provide to diaspora communities and migrants? Consider different policy instruments to encourage productive investment and economic engagement with source countries and communities.
- Investigate the potential for diaspora bonds: how they work; their potential; and how best to direct the funds to productive use.

Build capacity and policy capabilities

Examine absorption capacity in detail.

- What is the fundamental problem: overproduction, governance, working conditions?
- An innovation policy agenda is vital to addressing absorptive capacity: work out options for brain circulation (service provision, intellectual property, mentoring).
- Examine the links between education policy, innovation/industrial policy and migration, to build relevant skills within society.

Train for migration.

- Provide training to temporary migrants before they leave, to ensure a smooth transition and to maximise benefits.
- Consider wider education strategy issues in the context of migration. Do some small states have a niche role to play in training provision? Are bonding schemes effective? What incentives can be provided to secure return migration following education overseas?

Co-operate

- A wide range of policy tools and experiences are available to strengthen benefits from migration.
- Policy skills and understanding of migration issues and policy options need to be built across different ministries.
- Intra-regional and South–South migration need more attention and analysis. They are significant but not as well understood.
- Engage with international financial institutions on development policy objectives and how migration fits within that.
- Engage with the international community to secure financing to support the effective alignment of development and migration policies.

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